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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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1. Mideast
2. Iran

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Key stories in the media:  
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All media led with the shelling of Sderot with Qassam rockets and the internecine fighting in the Gaza Strip.

The media reported that more than 20 Qassam rockets fell on Sderot on Tuesday. Thirty people were wounded in the city, including a woman who was wounded moderately. Another 4 rockets landed south of Ashkelon last night.

Israel Radio reported that at a meeting convened on Tuesday by Defense Minister Amir Peretz, it was decided that the IDF would bolster its offensive activity in the Gaza Strip and respond to Qassam rocket fire in a series of steps. The radio quoted an IDF officer as saying that Hamas is trying to drag Israel into a wide-scale response in order to unite the Palestinians' ranks. Israel Radio quoted a senior IDF officer as saying that the Israeli defense establishment is concerned that a wide-scale offensive would play into the hands of the terrorist organizations and harm Israel. The radio said that the defense establishment currently rules out a wide-scale operation. Ha'aretz quoted GOI sources as saying that the current rules of engagement in Gaza will remain in force, but that if the IDF spots specific targets that exceed these limits, it will be able to ask PM Ehud Olmert and Peretz for special approval for a strike.

The media reported that on Tuesday at least 15 Palestinians were killed in Fatah-Hamas clashes in the Gaza Strip. Some media reported that one of the Palestinians was killed by IDF fire. Leading electronic media reported that Hamas militiamen attacked the home of Fatah security chief Rashid Abu Shbak at dawn this morning. Media said that up to six Fatah militants may have been killed in the attack. Israel Radio reported that the US called on all the Palestinian factions to stop the violence in the Gaza Strip. Deputy State Department Spokesman Tom Casey was quoted as saying that the parties should act responsibly and allow the residents of the Gaza Strip to live their lives in safe surroundings. Leading media reported that Egyptian President Hosni Mubarak spoke with PA Chairman [President] Mahmoud Abbas on Tuesday afternoon, and told him the clashes had "crossed the line" and that both parties must cease violence immediately.

Major media reported that on Tuesday, at the meeting of Nobel Prizewinners hosted by King Abdullah II of Jordan in Petra, PM Olmert told reporters: "I invite the 22 leaders of the Arab states who are interested in making peace with Israel to gather at any location for talks." Leading media quoted sources in Olmert's bureau as saying that there was a limit to the restraint Israel could show in the face of the Qassam attacks and Hamas's build-up in Gaza. Media quoted sources in Olmert's office as saying that he told the King in Aqaba that Israel would release frozen tax money only after it received assurances the money would be used for humanitarian needs, and not go to terrorists. Israel Radio cited the Jordanian newspaper Ad-Dustour as saying that Olmert promised Abdullah to look into the issue of Jordanians imprisoned in Israel.

The Jerusalem Post wrote that, in a new book that "totally contradicts everything that has been accepted to this day" about the Six-Day War, Israeli authors Gideon Remez and Isabella Ginor claim that the conflict was deliberately engineered by the Soviet Union to create the conditions in which Israel's nuclear program could be destroyed. The newspaper reported that, coinciding with the 40th anniversary of the war, "Foxbats Over Dimona: The Soviets' Nuclear Gamble," is to be published by Yale University Press early next month.

The Jerusalem Post cited a New York Times report that a confidential document of the International Committee of the Red Cross accuses Israel of violating international humanitarian laws in annexed east Jerusalem, isolating Palestinians there from the West Bank and preventing them from getting permanent residency. The Jerusalem Post cited a response by Foreign Ministry Spokesman Mark Regev that Israel has received the report but that it did not accept its conclusion. Regev was quoted as saying: "We reject the premise of the report. East Jerusalem is not occupied land, it is part of Israel. All people there were offered Israeli citizenship."

Ha'aretz cited a report published this month by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) that donations to the PA almost tripled last year as a result of the international boycott of the Hamas government, according to Aid in 2006 totaled USD 900 million, up from USD 349 million a year

earlier. The boycott meant that most countries refused to channel money directly to the PA, and Israel refused to transfer the tax revenues it collects on the PA's behalf. However, Ha'aretz wrote that Arab and Western nations continued and even increased their donations, channeling them through either a " Hamas bypass " mechanism known as the Temporary International Mechanism (TIM), or Abbas's office. This money, which compensated entirely for the halt in Israeli tax transfers, partially financed the salaries of PA employees and was used to make welfare payments to the needy.

Ha'aretz reported that Taysir Karaki, the East Jerusalem taxi driver who was murdered in Tel Aviv on Monday, will be recognized as the victim of a hostile act if the police determine that the motivation for his murder was nationalist. This will make his family eligible for assistance by National Security Institute, the Israeli equivalent of the Social Security Administration, including a monthly stipend of about 10,000 shekels (approximately USD 2517). The media said that the murder has shocked France's Jewish community.

Israeli strategist Prof. Shai Feldman was quoted as saying in an interview with The Jerusalem Post that President Bush could strike Iran toward the end of his presidency, but that sanctions are having an impact.

Major media reported that on Tuesday Attorney General Menachem Mazuz rejected PM Olmert's request that he order a criminal investigation against State Comptroller Micha Lindenstrauss.

Ha'aretz reported that Israel has been formally asked to join the Organization for Economic Cooperation and Development (OECD) during its two-day summit of finance ministers in Paris. The Foreign Ministry received word from European entities last night. A public announcement will be made today during a meeting of EU foreign ministers.

Maariv and Israel Radio cited the British daily The Times that the leading contender for the post of UN Special Coordinator for the Middle East Peace Process is the British Michael Williams, in the past a BBC journalist and currently an adviser to the British Government.

The Jerusalem Post reported that the IDF's National Defense College plans to accept more foreign officers after a first successful year. The newspaper said that a US Naval officer and a US Marine studied in the institution last year.

The Jerusalem Post reported that a new private scientific research institution will soon be established in the Galilee, according to plans being developed by Interdisciplinary Center Herzliya President Prof. Uriel Reichman.

Ha'aretz and The Jerusalem Post reported that the trial of Egyptian national Mohamed Sayyed Saber began in Egypt on Tuesday. According to DPA, Saber, a former employee of Egypt's Atomic Power Agency, told the Supreme State Security Court that he had always admired Israel and its universities, but that he did not spy for it.

Yediot and Maariv reported that Al-Qaida is threatening to carry out an attack against newly elected French President Nicolas Sarkozy -- the "Zionist Crusader."

Ha'aretz reported that last Friday Acting President of Israel Dalia Itzik met secretly with Rabbi Ovadia Yosef, the mentor of the Shas party, for a conversation that touched on the vote for the Israeli presidential elections, among other issues. Ha'aretz quoted sources in Shas as saying that Itzik was looking for support from Yosef for her own presidential bid, in the event that Peres decides not to run. Maariv and Israel Radio reported that oligarch Arkady Gaidamak has approached two ultra-Orthodox Knesset members with a plea to support Itzik. The radio said that Itzik denied being a candidate for the post. Ha'aretz reported that Tel Aviv Mayor Ron Huldai attempted to make Rabbi Yisrael Meir Lau, the city's Chief Rabbi, remove his candidacy for the presidency. Labor MK Shelly Yachimovich had earlier tried to dissuade Lau from vying for the position, saying that "if he runs a number of affairs from the past may resurface."

The Jerusalem Post cited the GOI's Central Bureau of Statistics assaying on Tuesday that the consumer price index rose in April, the second monthly increase in a row, lifted by word energy prices and seasonal gains in the cost of clothing and travel. The annual inflation rate fell the most in three years. Prices climbed 0.5 percent in the month and dropped 1.3 percent for the year. The Jerusalem Post reported that Georgian investments pique Israelis' interest.

Yediot reported that Prof. Reuven Yagil, a world expert on the topic of camels, will help Ethiopian Muslim tribes living along the Somali border develop a modern camel-raising farm. The newspaper reported that USAID and World Bank officials attended seminars that Yagil gave at the Ethiopian Agriculture Ministry and in Ethiopian academic institutions.

Maariv reported that the Prime Minister's Office is in advanced stages of negotiations with the leading French automaker Renault for the possible establishment of a car-manufacturing plant along the Israel-Jordan border. The plan would provide employment for 50,000 Jordanians, Israelis, and Palestinians.

Makor Rishon-Hatzofe reported that the Foreign Office and the Prime Minister's Office are in the last stages of negotiations with Russian President Vladimir Putin's bureau regarding the return to Russia of the historical Russian Compound in central western Jerusalem in exchange fore USD 100 million.

Ha'aretz reported that the total sum of Israeli billionaire Yitzhak Tshuva's investments in Las Vegas is USD 5 billion, since he plans

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to invest USD 3.5 billion to build a huge complex named after his flagship New York property, The Plaza. Ha'aretz estimated Tshuva's personal fortune at USD 2.5 billion last year, but said that it has increased since on asset value and new acquisitions. The Jerusalem Post reported that Africa Israel Investments Ltd., Israeli billionaire Lev Leviev's property company, agreed to buy the clock tower portion of MetLife Inc.'s former New York headquarters for USD 200 million, its third purchase of a Manhattan landmark in three months. Africa Israel announced on Tuesday that it plans to invest an additional USD 110 million in the building to convert it into luxury apartments.

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1. Mideast:  
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Summary:  
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Military correspondent Alex Fishman wrote in mass-circulation, pluralist Yediot Aharonot: "Israel cannot allow itself to be dragged, to play into Hamas's hands, to fall into a trap laid by the Iranians and the Syrians, and to become entangled once again in purposeless warfare in the Gaza Strip."

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz: "The Mecca Accord that promised to bring calm to the internecine Palestinian fighting and led to the establishment of a unity government in the PA is increasingly being drowned in blood as Israel debates whether to reoccupy the Gaza Strip, and if

so, when."

Ha'aretz editorialized: "It would befit Prime Minister Ehud Olmert, who was a senior partner to the failure when he served as mayor of Jerusalem, to replace the slogan of unity with a reasonable and fair policy for division of the city."

Moshe Amirav, a former Jerusalem city councilor for the Likud, and later adviser to former prime minister Ehud Barak, wrote in Yediot Aharonot: "What would we lose if the Old City [of Jerusalem] were to turn into a place where we are partners rather than owners?"

Conservative columnist Yosef Harif wrote in the popular, pluralist Maariv: "One gets the impression that the government ministers fail

to demonstrate an appropriate deep understanding of key diplomatic issues, too."

Michael Oren, a senior fellow at the Shalem Center and the author of a book on the Six-Day War, wrote in Maariv: "The alliance between Israel and the US was forged in the flames of 1967."

#### Block Quotes:

#### I. "Unwilling, Unable"

Military correspondent Alex Fishman wrote in mass-circulation, pluralist Yediot Aharonot (5/16): "If no far-reaching diplomatic change takes place in the region, Israel will have to enter the Gaza Strip and disarm Hamas's military strength. Israel understands that as time goes by, this challenge becomes more complex and intricate: More tunnels are being dug, more defensive arrays are being set up, booby-trapped pits are being dug, and anti-tank weapons are being purchased in large quantities.... Time is not working in our favor. Hamas is growing stronger, Fatah is becoming weaker.... Instability is increasing. But Israel should choose the timing for such a move carefully, discerningly, after preparing its military strength well. Israel cannot allow itself to be dragged, to play into Hamas's hands, to fall into a trap laid by the Iranians and the Syrians, and to become entangled once again in purposeless warfare in the Gaza Strip."

#### II. "Drowning in Blood"

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz (5/16): "Tuesday was just another regular day in the Middle East. The Gaza Strip took another step on the road to becoming like Somalia, or Afghanistan, with the bloody Hamas attack against the Fatah camp near the Karni Crossing. The Mecca Accord that promised to bring calm to the internecine Palestinian fighting and led to the establishment of a unity government in the PA is increasingly being drowned in blood as Israel debates whether to reoccupy the Gaza Strip, and if so, when.... With ... warnings [by the military against such an operation] Olmert can continue showing restraint while warning the international community that he is losing his patience."

#### III. "Forty Years of 'Unity'"

Ha'aretz editorialized (5/16): "Ehud Barak was the first prime minister who suggested dividing the city [of Jerusalem] based on the principle of what the Jews have the Jews get, and what the Arabs have the Arabs get. The Clinton plan, the Geneva Accord, and the Arab peace initiative also propose a similar basis for dividing the city. It would befit Prime Minister Ehud Olmert, who was a senior partner to the failure when he served as mayor of Jerusalem, to replace the slogan of unity with a reasonable and fair policy for division of the city."

#### IV. "From Problem to Solution"

Moshe Amirav, a former Jerusalem city councilor for the Likud, and later adviser to former prime minister Ehud Barak, wrote in Yediot Aharonot (5/16): "After we have tried almost everything and almost everything failed, we should engage in national soul-searching and ask ourselves: Perhaps it is time to rethink Jerusalem?.... How can the 'city of dispute' of the previous century become the 'city of peace' in the 21st century?.... What would we lose if the Old City were to turn into a place where we are partners rather than owners? How terrible would it be if such a small portion, less than one percent of the capital's area, would be given an international status? What would happen? This is what would happen: Jerusalem would turn from a problem into a solution. If we turn Jerusalem into the great key to the conflict, in its broader sense, not only the political sense, new vistas will be opened to us. Jerusalem can

be the key to the heart of the Muslim world, to reconciliation with the Arab states, to peace with the Palestinians. These are, of course, naive thoughts, since I know that when policymakers -- Jewish, Muslim and Christian -- come to the issue of Jerusalem, they become fixated, detached from reality, and suffer, mystically, as a metaphor, from the 'Jerusalem Syndrome.'"

#### IV. "What Is Tzipi Livni Striving For?"

Conservative columnist Yosef Harif wrote in the popular, pluralist Maariv (5/16): "As foreign minister, [Tzipi] Livni has shown activity and has aspired to move the peace process forward.... At the time of her [recent] visit [to Egypt], she granted an interview to the newspaper Al-Ashram, in which she found it proper to promise that the withdrawal from Gaza will not be the last one and that the establishment of a Palestinian state alongside Israel will require further Israeli withdrawals from the West Bank. That uttering was one of those that managed to antagonize some of her cabinet colleagues.... The Winograd report said that the cabinet members failed when they refrained from holding a comprehensive and fundamental debate regarding the cardinality of the military operation and its consequences and when they approved all the army's recommendations. One gets the impression that the government ministers fail to demonstrate an appropriate deep understanding of key diplomatic issues, too."

#### VI. "Six Days that Changed the World"

Michael Oren, a senior fellow at the Shalem Center and the author of a book on the Six-Day War, wrote in Maariv (5/16): "The [Six-Day] War brought about an extreme change in Arab and Palestinian politics, but the changes that it caused in Israel were of seismic magnitude. Even if many have forgotten this, the IDF waged the Six-Day War with French weapons, not American weapons. The United States, even in the days of friendly presidents such as Kennedy and Johnson, refused to sell offensive weapons to Israel and even rejected an Israeli proposal for permanent military communication with the IDF. The American reservations were ended in June 1967, when Israeli fighter planes destroyed hundreds of Soviet-made Arab fighter planes and the IDF ground forces crushed the armies of Egypt, Syria and Iraq, which were armed with Soviet weapons. If in the past, Israel was perceived by US policymakers as a diplomatic burden, it now appeared to them as a strategic power center, the ultimate ally in the Cold War. Johnson even agreed on a deal for selling Patton tanks and advanced Phantom planes to Israel. The alliance between Israel and the US was forged in the flames of 1967.

Deeper than the change in US-Israeli relations, however, was the upheaval in Israel's self-perception. A basically secular state, most of whose population lived in the coastal plain and the Negev, now experienced a dramatic reunion with its biblical homeland.... In the absence of Arab partners for peace, there were many Israelis who could not resist the temptation to settle in these sacred areas."

#### 12. Iran:

##### Summary:

Intelligence affairs correspondent Yossi Melman wrote on page one of the independent, left-leaning Ha'aretz: "Reliable information or a diplomatic manipulation -- that is the big question surrounding the statements on Monday by Mohamed ElBaradei, head of the International Atomic Energy Agency, to the effect that Iran has achieved a significant technological advance in its efforts to enrich uranium."

##### Block Quotes:

"Reliable Intel or Dangerous Manipulation"

Intelligence affairs correspondent Yossi Melman wrote on page one of the independent, left-leaning Ha'aretz (5/16): "Reliable information or a diplomatic manipulation -- that is the big question surrounding the statements on Monday by Mohamed ElBaradei, head of the International Atomic Energy Agency, to the effect that Iran has

achieved a significant technological advance in its efforts to enrich uranium. If the information, as reported in The New York Times on Tuesday, is accurate, then Iran has reached the stage described by Israeli intelligence as the 'point of no return'.... Either way, the moment of decision is approaching for all involved. It is clear, therefore, that 2007, or 2008 at the latest, marks the time when it will become clear whether Iran will have nuclear weapons, with all its implications for Israel, the broader Middle East and the international community."

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